

Message Text

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11 L

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 SWF-02 AGR-20

NSC-07 SS-20 STR-08 CEA-02 DRC-01 /160 W

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R 292042Z MAR 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6689

INFO AMEMBASSY BOGOTA

AMEMBASSY BRAZILIA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L TEGUCIGALPA 1342

E.O. 11652: GDS

TAGS: ETRD, PFOR, XK

SUBJECT: STANDARD FRUIT EXECUTIVE TALK WITH GENERAL LOPEZ

REF: TEGUCIGALPA 1295, TEGUCIGALPA 1252, TEGUCIGALPA 1226

1. BESIDES STANDARD'S TALKS WITH GOH (REFTTEL) THERE ARE SEVERAL OTHER DEVELOPMENTS WHICH HAVE RECENTLY COME TO LIGHT:

A. UNITED FRUIT , OF COURSE, UNLIKE STANDARD, HAS INDICATED IT WILL TRY TO WORK WITH NEW SURCHARGE (EMBTTEL 1226).

B. LABOR SOURCES HAVE INFORMED LABATTCHE THAT GOH HAS PROMISED TO PASS ON SOME OF SURCHARGE GAINS TO BANANA WORKERS UNIONS.

C. BENNATON IS IN CONSTANT MOVEMENT OF CONFERENCES AND
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TRIPS TO BANANA EXPORTING COUNTRIES WITH AMPLE

OPPORTUNITY TO CHECK AND CROSS-CHECK PROBABLE IMPACT OF SURCHARGE AND DIFFERENTIALS OF APPLICATION AS AFFECT GOH INTERESTS.

2. ALL THIS LEAVES SITUATION RATHER CONFUSED. THERE IS NO DOUBT THAT UNITED FRUIT'S RATHER PERMISSIVE ATTITUDE ON MATTER SERVED TO HARDEN GOH DETERMINATION TO STICK BY ITS GUNS. IRONICALLY, THERE IS NOW STRONG LIKLIHOOD THAT, IN SPITE OF OPTIMISTIC PUBLIC STATEMENTS, UNITED WILL BE OBLIGED TO TAKE A FORMAL PROTEST ACTIONS AS STANDARD (I.E., COMPLAIN ABOUT NON-COMPLIANCE WITH CONTRACT PROHIBITING NEW INILATERAL TAXES.)

3. BENNATON APPEARS TO HAVE BEEN COUNTING STRONGLY ON THE SUPPOSED FISCAL BONANZA, AND HAS IN EFFECT FURTHER LIMITED HIS FREEDOM OF ACTION BY PROMISING SOME OF THE PIE TO THE UNIONS. BUT NOW THERE MAY BE NO PIE.

4. IF THE PRESENT SITUATION PERSISTS INTO APRIL 15, THE GOH WILL HAVE DRAWN THE QUEEN OF SPADES IN THE PRODUCER COUNTRIES GAME OF HEARTS. ONE WONDERS AT WHAT SORT OF UNITY AND CONSULTATIONS LED TO ARRANGEMENTS BY WHICH OTHER PRODUCING COUNTRIES HAVE MANEUVERED GOH INTO POSITION WHERE IT HAS POTENTIALLY DEMOTED ITSELF TO MARGINAL OR NON-PRODUCING STATUS VIS-A-VIS ITS ALLIES.

5. IF STANDARD FRUIT REPORTS AND ESTIMATES ARE ACCURATE, IT IS LIKELY THAT BENNATON WILL REASSESS SITUATION AND MAKE NECESSARY ADJUSTMENTS.

6. REACTION IN FACT ALREADY IS UNDERWAY. PLANNING MINISTER MARTINEZ HAS EXPRESSED TO AID DIRECTOR SEVERE CRITICISM OF BENNATON'S ACTIVITIES, AND SAYS HE HOPES DECISION CAN BE REVERSED. EDITORIAL IN MARCH 29 TIEMPO NOTES LIKE-LIHOOD OF DROOP IN PRODUCTION AND LOCAL UNEMPLOYMENT, AND CALLS FOR RESTUDY OF PROBLEM.

7. AMBASSADOR SANCHEZ GOES TO LA CEIBA TOMORROW TO STUDY PROBLEM WITH STANDARD HONDURAS EXECUTIVES.

SANCHEZ

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